

Message Text

CONFIDENTIAL

PAGE 01 PARIS 12998 01 OF 02 031951Z

ACTION EUR-12

INFO OCT-01 ARA-06 EA-07 ISO-00 CIAE-00 DODE-00 PM-04

H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01

SP-02 SS-15 USIA-06 AID-05 COME-00 EB-07 FRB-03

TRSE-00 XMB-02 OPIC-03 LAB-04 EPG-02 SIL-01

OMB-01 STR-04 CEA-01 IGA-02 /106 W

-----032030Z 114524 /72

R 032038Z MAY 77

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 2388

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CARACAS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

USMISSION EC BRUSSELS

AMEMBASSY LISBON

C O N F I D E N T I A L SECTION 01 OF 02 PARIS 12998

E.O. 11652: GDS

TAGS: EFIN, PO, FR

SUBJECT: FINANCIAL ASSISTANCE FOR PORTUGAL: FURTHER
IMPRESSIONS OF STATE OF PLAY

REF: PARIS 12397

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 PARIS 12998 01 OF 02 031951Z

1. IN CONTACTS WITH QUAI,ELYSEE, PORTUGUESE AMBASSADOR
AND BANQUE DE FRANCE SUBSEQUENT TO THOSE REPORTED
REFTEL (AND PREVIOUS) WE HAVE OBTAINED FOLLOWING
FURTHER IMPRESSIONS OF CURRENT STATE OF PLAY.

2. QUAI ATTITUDE CLEARLY SEEMS TO HAVE HARDENED.
EUROPEAN DEPUTY DIRECTOR BLOT AND PORTUGUESE DESK

OFFICER DEBENEST BOTH MENTIONED TO EMBOFF, AS WELL AS TO PORTUGUESE AMBASSADOR IN SEPARATE CONVERSATIONS FRIDAY AND TODAY THAT, IN VIEW OF JUST CONCLUDED "\$15 MILLION LOAN BY BANQUE DE FRANCE TO PORTUGUESE CENTRAL BANK AGAINST GOLD," FRENCH WILL PROBABLY NOT BE ABLE TO DO MORE. EMBOFF STRESSED THAT MODIFIED CONSORTIUM PROPOSAL WAS POLITICAL/ECONOMIC NECESSITY FOR NEXT PHASE OF PORTUGAL'S STABILIZATION BEYOND EFFORTS ALREADY UNDERWAY; AND THAT THE CONSORTIUM NOW UNDER DISCUSSION, BEING "MARKET-RELATED," WAS IN EFFECT QUASI-COMMERCIAL PROJECT. REPLY TO THESE AND CATALOGUE OF OTHER ARGUMENTS WAS THAT IDEA WAS STILL UNDER STUDY BUT THAT PROSPECTS WERE "NOT GOOD."

3. EVEN SO, QUAI'S FINAL RECOMMENDATION TO ELYSEE HAS NOT YET BEEN CAST IN CEMENT. WE GATHER THIS FROM FACT THAT PORTUGUESE DESK OFFICER CALLED US APRIL 29 WITH URGENT, RATHER EXCITED REQUEST TO "VERIFY" A FRENCH EMBASSY LISBON REPORT TO EFFECT THAT FRG HAD JUST "DEFINITIVELY TURNED US DOWN." ON BASIS OF BONN'S 7464, WE WERE ABLE TO ASSURE QUAI THAT ISSUE CONTINUED TO BE UNDER ACTIVE STUDY AT HIGH LEVELS IN THE FRG, A POINT TO WHICH DEBENEST ATTACHED EVIDENT IMPORTANCE.

4. WE HAVE ALSO TAKEN OPPORTUNITY TO DISCUSS MODIFIED CONSORTIUM PROJECT IN DETAIL WITH INTERNATIONAL STAFF MEMBER AT THE ELYSEE. IN CONTRAST TO QUAI COUNTRY OFFICIALS, WE FOUND ELYSEE KEENLY AWARE OF CONFIDENTIAL

CONFIDENTIAL

PAGE 03 PARIS 12998 01 OF 02 031951Z

IMPORTANCE OF NOT RUNNING RENEWED RISKS TO DESTABILIZATION OF PORTUGAL AS A RESULT OF PAYMENTS PROBLEMS -- A PROSPECT GISCARD PERSONALLY WOULD LIKE TO AVOID BEFORE FRANCE'S OWN LEGISLATIVE ELECTIONS. ELYSEE, SIMILARLY, DID NOT CONSIDER THE SIZE OF FRANCE'S SUGGESTED

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 PARIS 12998 02 OF 02 031951Z

ACTION EUR-12

INFO OCT-01 ARA-06 EA-07 ISO-00 CIAE-00 DODE-00 PM-04

H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01

SP-02 SS-15 USIA-06 AID-05 COME-00 EB-07 FRB-03

TRSE-00 XMB-02 OPIC-03 LAB-04 EPG-02 SIL-01

OMB-01 STR-04 CEA-01 IGA-02 /106 W

-----032030Z 114527 /72

R 032038Z MAY 77

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 2389

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CARACAS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

USMISSION EC BRUSSELS

AMEMBASSY LISBON

C O N F I D E N T I A L SECTION 02 OF 02 PARIS 12998

CONTRIBUTION EXCESSIVE. FINALLY, ELYSEE IS AWARE
OF PSYCHOLOGICAL IMPORTANCE OF NOT CONFRONTING
PRESIDENT CARTER AT SUMMIT WITH BLUNT REFUSAL OF US
REQUEST FOR COOPERATION ON THIS PROJECT. SEPARATE
ELYSEE STAFF STUDY LISTING THESE AND ADDITIONAL
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 PARIS 12998 02 OF 02 031951Z

FACTORS WILL THEREFORE BE ATTACHED TO WHATEVER
RECOMMENDATIONS MINISTRIES SEND UP, FOR GISCARD'S
FINAL CONSIDERATION AND DECISION.

5. COMMENT: BANQUE DE FRANCE SOURCE TELLS FINANCIAL
ATTACHE THAT REPORTED LOAN OF "ABOUT" 15 MILLION
DOLLARS AGAINST GOLD HAS IN FACT NOT YET BEEN CONCLUDED,
BUT IS IN FINAL NEGOTIATING STAGE, IN THAT DRAFTS OF
AN AGREEMENT HAVE BEEN EXCHANGED. BANQUE DE FRANCE
CONTACT IMPLIED FINAL BANK DECISIONS WILL BE REACHED
SHORTLY AFTER LONDON SUMMIT.

6. WHILE IT IS TOO EARLY TO PREDICT WHAT THE FINAL FRENCH RESPONSE TO OUR DEMARCHE WILL BE, IT WILL, IT SEEMS TO US, BE STRONGLY INFLUENCED A) BY THE DECISION THE GERMANS REACH, AND B) BY THE PROSPECT OF THE DISCUSSION OF THIS SUBJECT AT THE LONDON SUMMIT. IT WOULD SEEM A REASONABLE SURMISE THAT FRENCH WILL CONTINUE TO TRY TO USE \$15 MILLION LOAN, ABOUT TO BE CONCLUDED, AS ARGUMENT FOR NOT MAKING FURTHER CONTRIBUTION TO "CONSORTIUM", ALTHOUGH BROADER POLITICAL CONSIDERATIONS IN GISCARD'S MIND MIGHT STILL PRODUCE SLIGHT ADDITIONAL FRENCH EFFORT. EVEN SO, WE SHOULD CAUTION THAT FRENCH HAVE TRADITIONALLY DISLIKED CONSORTIUM DEVICES, HOWEVER MODIFIED, PARTICULARLY IF, AS IN THIS CASE, IS HAS AN "ATLANTIC" FORMAT.
GAMMON

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, POLICIES, FOREIGN ASSISTANCE, GOVERNMENT REACTIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 03-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977PARIS12998
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770155-0199
Format: TEL
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770599/aaaadiah.tel
Line Count: 186
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 05d4309b-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 PARIS 12397
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 22-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2655385
Secure: OPEN
Status: NATIVE
Subject: FINANCIAL ASSISTANCE FOR PORTUGAL: FURTHER IMPRESSIONS OF STATE OF PLAY
TAGS: EFIN, PO, FR
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/05d4309b-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009